

January 15, 2003

CITIZENS' TASK FORCE ON CHARGERS ISSUES
MINUTES for meeting of
December 23, 2002

Meeting held at:

**Council Chambers
202 C Street, 12th floor**

Mailing address is:

**City of San Diego
Special Projects Administration
1010 Second Ave, Suite 500, MS 658
San Diego, CA 92101**

ATTENDANCE:

Members Present

David Watson
Nikki Clay
Cassandra Clady
Pepper Coffey
Tim Considine
Tom Fat
Bruce Henderson
Karen Heumann
Bill Largent
Joe Martinez
Geoff Patnoe
Patti Roscoe
Ron Saathoff
Leonard Simon
Jeff Smith

Members Absent

Staff Present

Bruce Herring
Les Girard
John Mullen

CALL TO ORDER

Item 1: Citizens' Task Force on Chargers Issues Meeting called to order.

Item 2: Roll Call – David Watson

AGENDA ITEMS

Item 3: Public Comment

Edward Teyssier - people have asked him about his proposal to allow interested people to provide for a new stadium without using public money. His proposal is to divide a \$350m cost by the 70k seats that would be in a new stadium to come up with a \$5,000 per person cost to build a stadium. Or, an independent corporation could be created with shareholders buying stock to fund the project. Even if that doesn't work out, the task force should do a pro forma to see the cost of running the stadium.

Dave Wilhite - understand there are three concepts task force is reviewing and wants to present a 4th. It would be a public/private partnership and environmentally sensitive. Slowly move City, County,

MTDB out of downtown and put these agencies in the center of town. Appraise the property, maybe trade it, and create a government center in Mission Valley. Transportation will be dealt with in the future, river is an amenity. The task force should evaluate the concept, and see what could be swapped. This would allow for an investment in the City and in government.

Item 4 - Discussion of Chargers Offer to Extend Start Date of Trigger Period

Chairperson Watson - Chargers issued a statement on December 16th proposing that the trigger period be postponed to begin on March 1, 2003 rather than December 1, 2002. The Mayor asked for task force input before addressing the matter in January.

Public Comment - Mike Aguirre

Urge task force not to postpone the trigger start date. Consider that inducement to extend the trigger is really an effort to push meaningful discussion about what will happen until after the task force's job is complete. In 1997, after lengthy negotiations, the Chargers agreed to stay in San Diego until 2020. Chargers promised they would be able to trigger only in severe financial hardship. The team is not suffering from severe financial hardship. Spanos' cannot and will not trigger, unless being reckless and foolish, and their experts are not reckless or foolish. The Spanos' know that there is a credible risk that court will find a way to hold them to the representation made previously. If that happens, it will be costly to the Spanos. They are bluffing by using the delay of the start of the trigger period.

Task force discussion -

Patnoe - Motion – The Citizens' Task Force on Chargers Issues recommend to the Mayor and City Council that they accept the Chargers offer to move the start date of the 60 day trigger period to March 1, 2003 to allow the task force to complete its report to the Mayor and Council prior to the start of the trigger period.

This will allow the Mayor and Council the benefit of the Task Force's work. It will give the task force time to complete their work without any distraction.

Simon - Supports the motion. Contract has a trigger clause that provides that a 90-day period of negotiation begin immediately once the Chargers trigger - very important. Under the current plan, this 90-day negotiating period could start as early as tomorrow if the Chargers trigger. This would put the City in the position of having to negotiate without the benefit of any of the task force's work. It makes sense to delay until March, which will allow the Mayor, Council, Attorney and City Manager the benefit of the task force report for negotiation purposes. The task force and the committees can focus and complete their work. The trade-off is equal for both sides - going slow, thinking about things, putting facts on the table, and carefully reviewing the information. The contract between the City and Chargers is not being changed at all. No definitions are changed under the contract. If parties are in court in the future, date that they trigger doesn't have any impact on that. An extension of the start date would just give the City the ability to benefit from the task force's work. This offer is a show of good faith by the Chargers and to turn the offer down would be inappropriate

Roscoe - in support. Question about how this affects contract, and appreciates Len's description and wants Mr. Girard's opinion. Agrees with what Councilmember Peters said previously about it being better to negotiate than to litigate.

Girard - City is preparing for any eventuality. The ability of Chargers to send the re-negotiation notice is determined as of December 1st and extending the date by which they can send the letter has no impact. The offer does nothing to the rights or obligation of the City with regard to rights under the contract. It would allow the task force to complete their work and give the City Council the benefit of their work. Council can take the task force's work into account when making their decision. In his opinion, it would be of no detriment to City.

Saathoff - concern has been that the task force be allowed to complete their task and trigger could be a distraction, so moving it allows them to complete work and change in start date is a show of good faith by Chargers. Supports motion.

Henderson - on Dec 5th, most of the task force members weren't in attendance to hear the comments during the City Council when a similar offer was made. There were mistakes made when the contract was entered into. When a millionaire negotiates there are given political pressures and extraneous factors that drive such negotiations. Five City Councilmembers sent a different message and said they weren't afraid of the trigger. Chargers should make the documents available for public scrutiny so the task force could make a determination. A sign of good faith would be a longer negotiating period. He doesn't see this. He only has a document called a "statement" from the Chargers. Thinks a trigger notice would heighten, not disrupt, the task force process. He would like to make a motion to amend the original motion to add contingencies such that "the Chargers, contingent upon City acceptance of offer, should make available for public scrutiny all documents available to demonstrate they can trigger". Additionally, the Chargers should agree that the City can challenge and present the documents related to the trigger. If the City challenges the documents, the Chargers should have to stand on the information they initially present and not add any additional documentation. No second to the motion.

Heumann - was outspoken in her criticism of the Chargers delaying their presentation and wants to be equally strong in her appreciation of the Chargers efforts in making the offer. She is optimistic about the motives of the Chargers and their efforts to support the process.

Clady - concurs with other members of the task force. The letter allows the task force to make recommendations and it is important if the date is delayed to March that the Chargers supply the information requested by the task force. It was a show of good faith for them to come forward and Chargers should provide full information that has been requested. Agrees to extend the trigger.

Considine - speaks in rebuttal of Henderson's comments. The task force is not acting out of fear, but has been skeptical and has tried to review everything thoroughly. He wants to have a thoughtful careful negotiation or fact finding. It would be a big mistake on the Chargers part to leave the task force no alternative but to make a negative recommendation to the City. It would put the City in a difficult position. Task force needs to give the Chargers every opportunity to do their best.

Martinez - supports motion and concurs with others. Hopefully documentation will arrive soon. The real test will be January 16th when the Chargers present to the task force. The Chargers will have their ideas for development, financing, and funding sources and then the task force has serious work to do. Task force will then know where the Chargers stand and he expects a detailed proposal on January 16th.

Tom Fat - when Fabiani was asked about the triggering event, he said he had to get back to the Spanos' and then he came forward with this proposal. He thinks this is a good faith effort when they offer to

trigger without any downside risk to it. Supports motion by Patnoe. Also expects full detailed presentation by the Chargers on January 16th so the task force can come to conclusions.

Clay - thanks Mr. Simon for explaining the impacts of a change in the trigger start date as related to the contract. Does Mr. Girard see any additional risk being opened to the City?

Girard - sees no risk. The circumstances (on which the Chargers ability to trigger would be based,) has to exist on Dec 1st so it does not matter when a letter is sent to notify the City.

Clay - if no risk, supports the motion.

Coffey - if Chargers are going to trigger, it would be after the Super Bowl and it would be PR fiasco if did before Super Bowl. It helps the City by delaying.

Smith – would like to make a couple of friendly amendments. One would be to get a guarantee from the Chargers about their January 16th presentation (per Chairperson, can't make that amendment). Second is to say that approval of the change in start date of the trigger period would not change anything else in the contract.

Girard – Could work that language into the written document, if this is approved by Council. Additionally, there had been some question and to clarify, the Chargers statement did not constitute a trigger notice itself.

Watson – okay to add the change if Patnoe agrees. Phrase to be added to motion is "providing other terms and conditions of the contract are not amended". (Agreed) That will be full motion. Chairperson supports the motion. The legal reasons have been discussed. Supports because have spent the last several weeks analyzing. The task force's focus should be whether it is possible to redevelop the site to finance a project. The Facilities & Redevelopment committee and Finance committee will both be working very hard. It will be easier to do this work without the threat of the trigger over their heads.

Herring - roll call for vote. 14 - 1 (Henderson in opposition)

Watson – This has been thoughtful discussion, thank you for attending special meeting. Happy Holidays!

ADJOURNMENT

The meeting was adjourned at approximately 6:15.

The next regularly scheduled meeting is:

**Thursday, January 9 @ 6:30
Tubman Chavez Building - Bonnie Ward Room
415 Euclid Avenue, SD 92114**

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Special Projects Administration
1010 Second Avenue, Suite 500, MS 658
San Diego, CA 92101

Submitted by,

Libby Coalson
Staff Representative